Texas Department of Insurance
Division of Workers' Compensation
Medical Fee Dispute Resolution, MS-48
7551 Metro Center Drive, Suite 100 • Austin, Texas 78744-1645
512-804-4000 telephone • 512-804-4811 fax • www.tdi.texas.gov

MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION

GENERAL INFORMATION

Requestor Name
PINE CREEK MEDICAL CENTER

Respondent Name
INSURANCE COMPANY OF THE STATE OF PA

MFDR Tracking Number
M4-11-0597-01

Carrier's Austin Representative
Box Number 19

MFDR Date Received
October 21, 2010

REQUESTOR'S POSITION SUMMARY

Requestor's Position Summary: "Gallagher Bassett reimbursed this claim below the Fee Schedule and did not allow the 150% for the Modifier 50."

Amount in Dispute: $488.33

RESPONDENT'S POSITION SUMMARY

Respondent's Position Summary: "the bill was re-priced in accordance with the provider's contracted rate at the lesser of 85% Billed Charges, 93% Allowed."

Response Submitted by: Aetna Workers' Comp Access 151 Farmington Ave., RT62, Hartford, Connecticut 06156

SUMMARY OF FINDINGS

Dates of Service	Disputed Services	Amount In Dispute	Amount Due
May 11, 2010	Outpatient Hospital Services	$488.33	$488.33

FINDINGS AND DECISION

This medical fee dispute is decided pursuant to Texas Labor Code §413.031 and all applicable, adopted rules of the Texas Department of Insurance, Division of Workers' Compensation.

Background

1. 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
2. Texas Labor Code §413.011 sets forth general provisions related to reimbursement policies and guidelines.
3. 28 Texas Administrative Code §133.4 provides for written notification to health care providers of contractual agreements for informal and voluntary networks.
4. 28 Texas Administrative Code §134.403 sets out the fee guidelines for outpatient acute care hospital services.

5. The services in dispute were reduced/denied by the respondent with the following reason codes:
   - 16 – CLAIM/SERVICE LACKS INFORMATION WHICH IS NEEDED FOR ADJUDICATION. ADDITIONAL INFORMATION IS SUPPLIED USING REMITTANCE ADVICE REMARKS CO
   - 45 – CHARGES EXCEED YOUR CONTRACTED/LEGISLATED FEE ARRANGEMENT.
   - 96 – NON-COVERED CHARGE(S).
   - BL – ANY REDUCTION IS IN ACCORDANCE WITH THE FOCUS-AETNA WORKERS COMP ACCESS LLC CONTRACT. FOR QUESTIONS REGARDING CONTRACTUAL REDUCTIONS, PLEA
   - BL – THIS BILL IS A RECONSIDERATION OF A PREVIOUSLY REVIEWED BILL.

Issues

1. Are the disputed services subject to a contractual agreement between the parties to this dispute?
2. What is the applicable rule for determining reimbursement for the disputed services?
3. What is the recommended payment amount for the services in dispute?
4. Is the requestor entitled to reimbursement?

Findings

1. The insurance carrier reduced or denied payment for disputed services with reason codes BL – "ANY REDUCTION IS IN ACCORDANCE WITH THE FOCUS-AETNA WORKERS COMP ACCESS LLC CONTRACT. FOR QUESTIONS REGARDING CONTRACTUAL REDUCTIONS, PLEA"; and 45 – "CHARGES EXCEED YOUR CONTRACTED/ LEGISLATED FEE ARRANGEMENT." These denial reasons are not supported. Review of the submitted information finds insufficient documentation to support that the disputed services are subject to a contractual fee arrangement between the parties to this dispute. No documentation was found to support a contractual fee agreement between the health care provider and the insurance carrier, The Insurance Company of the State of Pennsylvania. No documentation was found to support a contractual arrangement between the alleged network and The Insurance Company of the State of Pennsylvania, or its authorized agent, that authorizes the network to contract with health care providers on the carrier's behalf, in accordance with the requirements of Labor Code §413.011(d-1)(1). No documentation was found to support that the insurance carrier had been granted access to the health care provider's contracted fee arrangement with the alleged network during the period that the disputed services were rendered. The respondent's position statement asserts that "In response to the Texas Department of Insurance's inquiry regarding compliance with 28 Tex. Admin. Code 133.4, Pine Creek Medical Center has been made aware of their participation status with AWCA since December 1, 2005." The Division notes that the health care provider's awareness of participation with the alleged network is not at issue. §133.4(c) requires, in pertinent part, that the health care provider be notified "of any person that is given access to the informal or voluntary network's fee arrangement with that health care provider within the time and manner provided by this section." No documentation was found to support notice to the health care provider, in the time and manner required by 28 Texas Administrative Code §133.4(d) and (f), that the insurance carrier, The Insurance Company of the State of Pennsylvania, had been granted access to the health care provider's contracted fee arrangement with the alleged network. The Division concludes that, pursuant to §133.4(g), the insurance carrier is not entitled to pay the health care provider at a contracted fee. Consequently, per §133.4(h), the disputed services will be reviewed for payment in accordance with applicable Division rules and fee guidelines.
2. This dispute relates to facility services performed in an outpatient hospital setting with reimbursement subject to the provisions of 28 Texas Administrative Code §134.403, which requires that the reimbursement calculation used for establishing the maximum allowable reimbursement (MAR) shall be the Medicare facility specific amount, including outlier payment amounts, determined by applying the most recently adopted and effective Medicare Outpatient Prospective Payment System (OPPS) reimbursement formula and factors as published annually in the Federal Register with the application of minimal modifications as set forth in the rule. Per §134.403(f)(1), the sum of the Medicare facility specific reimbursement amount and any applicable outlier payment amount shall be multiplied by 200 percent, unless a facility or surgical implant provider requests separate reimbursement of implantables. Review of the submitted documentation finds that separate reimbursement for implantables was not requested.
3. Under the Medicare Outpatient Prospective Payment System (OPPS), each billed service is assigned an Ambulatory Payment Classification (APC) based on the procedure code used, the supporting documentation and the other services that appear on the bill. A payment rate is established for each APC. Depending on the services provided, hospitals may be paid for more than one APC per encounter. Payment for ancillary and supportive items and services, including services that are billed without procedure codes, is packaged into payment for the primary service. A full list of APCs is published quarterly in the OPPS final rules, which are publicly available through the Centers for Medicare and Medicaid Services (CMS) website. Reimbursement for the disputed services is calculated as follows:
   - Procedure code 77003 has a status indicator of N, which denotes packaged items and services with no separate APC payment; payment is packaged into the reimbursement for other services, including outliers.

- Procedure code 64493 has a status indicator of T, which denotes a significant procedure subject to multiple-procedure discounting. The highest paying status T procedure is paid at 100%; all others are paid at 50%. This procedure is paid at 100%. These services are classified under APC 0207, which, per OPPS Addendum A, has a payment rate of $485.34. This amount multiplied by 60% yields an unadjusted labor-related amount of $291.20. This amount multiplied by the annual wage index for this facility of 0.9731 yields an adjusted labor-related amount of $283.37. The non-labor related portion is 40% of the APC rate or $194.14. The sum of the labor and non-labor related amounts is $477.51. The provider billed this service with modifier 50. Bilateral procedures are paid at the rate for two units. The highest paying status indicator T procedure is paid at 100% for the first unit; each additional T procedure unit is paid at 50%. The APC amount is $716.27. The cost of these services does not exceed the annual fixed-dollar threshold of $2,175. The outlier payment amount is $0. The total Medicare facility specific reimbursement amount for this line is $716.27. This amount multiplied by 200% yields a MAR of $1,432.53.
- Procedure code 64494 has a status indicator of T, which denotes a significant procedure subject to multiple-procedure discounting. The highest paying status T procedure is paid at 100%; all others are paid at 50%. This procedure is paid at 50%. These services are classified under APC 0204, which, per OPPS Addendum A, has a payment rate of $172.28. This amount multiplied by 60% yields an unadjusted labor-related amount of $103.37. This amount multiplied by the annual wage index for this facility of 0.9731 yields an adjusted labor-related amount of $100.59. The non-labor related portion is 40% of the APC rate or $68.91. The sum of the labor and non-labor related amounts is $169.50. The provider billed this service with modifier 50. Bilateral procedures are paid at the rate for two units. The highest paying status indicator T procedure is paid at 100% for the first unit; each additional T procedure unit is paid at 50%. The APC amount is $169.50. The cost of these services does not exceed the annual fixed-dollar threshold of $2,175. The outlier payment amount is $0. The total Medicare facility specific reimbursement amount for this line, including multiple-procedure discount, is $169.50. This amount multiplied by 200% yields a MAR of $339.00.

4. The total allowable reimbursement for the services in dispute is $1,771.53. The amount previously paid by the insurance carrier is $1,203.43. The requestor is seeking additional reimbursement in the amount of $488.33. This amount is recommended.

Conclusion

For the reasons stated above, the Division finds that the requestor has established that additional reimbursement is due. As a result, the amount ordered is $488.33.

ORDER

Based upon the documentation submitted by the parties and in accordance with the provisions of Texas Labor Code Sections 413.031 and 413.019 (if applicable), the Division has determined that the requestor is entitled to additional reimbursement for the services involved in this dispute. The Division hereby ORDERS the respondent to remit to the requestor the amount of $488.33 plus applicable accrued interest per 28 Texas Administrative Code §134.130 due within 30 days of receipt of this Order.

Authorized Signature

	Grayson Richardson	August 15, 2014
Signature	Medical Fee Dispute Resolution Officer	Date

YOUR RIGHT TO APPEAL

Either party to this medical fee dispute may appeal this decision by requesting a contested case hearing. A completed **Request for a Medical Contested Case Hearing** (form **DWC045A**) must be received by the DWC Chief Clerk of Proceedings within **twenty** days of your receipt of this decision. A request for hearing should be sent to: Chief Clerk of Proceedings, Texas Department of Insurance, Division of Workers Compensation, P.O. Box 17787, Austin, Texas, 78744. The party seeking review of the MDR decision shall deliver a copy of the request for a hearing to all other parties involved in the dispute at the same time the request is filed with the Division. **Please include a copy of the *Medical Fee Dispute Resolution Findings and Decision*** together with any other required information specified in 28 Texas Administrative Code §148.3(c), including a **certificate of service demonstrating that the request has been sent to the other party**.

Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 512-804-4812.